

4 February 1982

NOTE TO: DDCI

FROM : DDI

1. There is not time for me to comment in detail on either the paper or the attached comments.

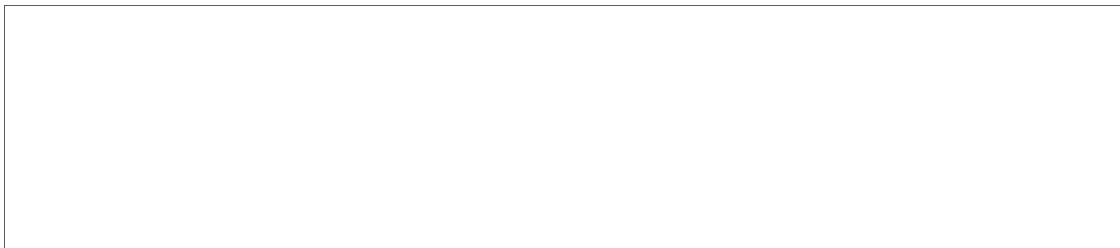
2. Suffice it to say that I disagree with <sup>Paragraph</sup> page 2 of the comments. The idea that interfering with Western economic (and political) ties with ~~Western Europe~~ <sup>The USSR</sup> will prompt the Soviets to invade Poland is silly in my view. My European specialists are correct that the Allies will not like any actions the US takes -- whether sanctions or action against Cuba, Libya, or in Afghanistan. It will also be difficult to get them to cooperate in any of these areas. Nevertheless, I believe the analysis exaggerates the Allied reaction should the US act alone.

3. I am disappointed in the comments of our analysts because they focus more on criticizing the artfulness of State's Executive Summary as opposed to providing you with assistance for the meeting. It probably is worth your time to read the middle paragraph on page 2, the middle paragraph on page 3, and the passage I have marked on page 4.



Robert M. Gates

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NSC review completed.

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Comments on 2 February 1982 NSC Memo --  
Extraterritorial Application of the December 30 Decision

We concur with the paper's premise that some immediate action is necessary to show our allies that we intend to continue escalating our response to Polish repression. Allied governments continue to share our view that the Polish situation is deteriorating. West European public interest is ebbing, however, and governments will pressure Poland only if they believe our resolve is unshaken.

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We disagree, however, that there "is no compelling reason to hold back on tough measures." The Allies view Western economic and political ties with the Soviet Union as exercising an important moderating influence on Soviet behavior, and the threat of breaking those ties as a key reason that the Soviets have resisted invading Poland. If those ties are broken now, they would argue, the Soviets would feel that they had little to lose internationally by an invasion. In other words, the Allies feel that the West risks losing its leverage by using it prematurely.

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Because additional contracts are being signed and the West Europeans almost certainly would not apply sanctions retroactively, sanctions will have progressively less effect with the passage of time. The desire to get things nailed down helps explain French (and Soviet) interest in signing the pipeline agreement so soon after imposition of martial law; it may also

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account for the recent two-year West German pipe supply contract (such contracts were to be negotiated annually). There is obviously a large dose of cynicism in the West European approach, but the West Europeans perceive similar cynicism in the US sanctions imposed so far. On the other hand, the public outcry in France over the pipeline arrangement suggests that the domestic political cost of completing contracts may be greater than the West European governments had expected. [REDACTED]

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Our biggest problem with the paper is our belief that it understates the obstacles to an effective policy, even one implemented immediately. The understatement is particularly noticeable in the executive summary. There are three interrelated questions that need to be answered:

- o What would it take to get the Allies to sign on with sanctions?
- o Should the US impose a grain embargo?
- o How does one make the operational connection -- as distinct from the rhetorical one -- between Poland and the pipeline?

We would argue that the body of the paper makes a far better stab at answering these questions than the executive summary; that those answers are fairly daunting; and that they should be made more explicit in the executive summary. [REDACTED]

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The executive summary merely states that "there is no hope of getting tough Allied action unless we are willing to take tough new steps ourselves." DDI/EURA's consistent position has been that the only US step that would be considered tough enough

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-- the only thing we can do that would involve costs comparable to those we are asking the West Europeans to pay -- is a grain embargo. The body of the paper makes this point on page 6, and we believe the executive summary should do the same. But the language on page 6 makes a further worthwhile point: that perhaps not even a grain embargo would be enough; we might also have to offer to subsidize the Allies. This point too needs to be in the executive summary. [REDACTED]

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Furthermore, the executive summary ignores the pipeline question after noting that stopping the pipeline is one of our objectives. The summary would serve its readers better if it explicitly addressed the question whether "tough Allied action" was likely to include either a halt in pipeline negotiations or a cancellation of agreements already concluded. We believe the pipeline would be one of the last things the West Europeans would give up, mainly because for any number of reasons they resist the notion of connecting it to the situation in Poland. The body of the paper hints at one reason for this resistance on page 7, when it notes that even if things went improbably well in Poland, the United States would still oppose the pipeline. The West Europeans suspect that this is the case; if pressed they would probably argue that until the United States made an ironclad linkage between the two issues they would be under no compulsion to do so. [REDACTED]

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Concerning the specific questions of extraterritoriality and retroactive application of GE-related sanctions, SOVA's 29 January memo appears to be the best word on the subject. West

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The principal conclusions of the SOVA memo are (1) even with an effective embargo of GE-related equipment the Soviets -- with West European help -- should be able to construct the pipeline approximately on schedule; and (2) if the project fell behind schedule, delays intrinsic in a Soviet project of this scope would probably be a bigger factor than delays related to supplies of compressors and compressor parts. [REDACTED]

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Option five -- which considers actions against Cuba, Libya, or Afghanistan -- would entail a serious disruption of the Alliance. It would indeed shift allied popular and government concern from Soviet to US aggression. It would seriously reduce our ability to forge an allied consensus on policy toward Poland, and on policy toward the other areas where we perceive an important Soviet threat. [REDACTED]

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